amendments can be published in the **Federal Register** as soon as possible.

Therefore, the ports of Seattle, Washington, and Stockton and San Francisco, California, are added to the list of airports designated as ports of embarkation appearing in § 91.3(a)(1)(i), and Seattle, Washington and San Francisco, California, are added to the list of ocean ports designated as ports of embarkation appearing in § 91.3(a)(2)(i).

Accordingly, Part 91, Title 9, Code of Federal Regulations is amended in the following respects:

1. Section 91.3(a)(1)(i) is amended to read:

§ 91.3 Ports of embarkation and export inspection facilities. [Amended]

(a) * * *

(1) *Airports.* (i) Chicago, Illinois; Harrisburg, Pennsylvania; Richmond, Virginia; Miami and Tampa, Florida; New Iberia, Louisiana; Brownsville and Houston, Texas; Los Angeles, Stockton and San Francisco, California; Moses Lake and Seattle, Washington; and Newburgh, New York.

* * * * *

2. Section 91.3(a)(2)(i) is amended to read:

(a) * * *

(2) *Ocean ports.* (i) Richmond, Virginia; Miami and Tampa, Florida; Brownsville and Houston, Texas; Los Angeles and San Francisco, California, and Seattle, Washington.

* * * * *

(Sec. 10, 26 Stat. 417; secs. 4, 5, 23 Stat. 32, as amended; sec. 1, 32 Stat. 791, as amended; sec. 3, 76 Stat. 130; sec. 11, 76 Stat. 132; secs. 12, 13, 14, 18, 34 Stat. 1263, as amended; secs. 1, 2, 26 Stat. 833, as amended; (21 U.S.C. 105, 112, 113, 120, 121, 134b, 134f, 612, 613, 614, 618; 46 U.S.C. 466a, 466b); 37 FR 28464, 28477, 38 FR 19141)

All written submissions made pursuant to this notice will be made available for public inspection at the Federal Building, 6505 Belcrest Road, Room 823, Hyattsville, MD, during regular hours of business (8 a.m. to 4:30 p.m., Monday to Friday, except holidays) in a manner convenient to the public business (7 CFR 1.27(b)).

Comments submitted should bear a reference to the date and page number of this issue in the **Federal Register.**

Done at Washington, D.C., this 7th day of October 1980.

Pierre A. Chaloux,

Deputy Administrator, Veterinary Services.

[FR Doc. 80-31670 Filed 10-9-80; 8:45 am]

BILLING CODE 3410-34-M

DEPARTMENT OF ENERGY

10 CFR Part 790

Geothermal Energy Research, Development, Demonstration and Production

Federal Guarantees on Loans

AGENCY: Department of Energy (DOE).

ACTION: Final rule.

SUMMARY: The Department of Energy hereby amends 10 CFR Part 790.4(e) to implement the Internal Revenue Service Public Revenue Ruling 80–161 of June 16, 1980, covering the tax treatment of interest on guaranteed geothermal loans.

This action is required to enable the Department of Energy to enter into guaranty transactions with otherwise tax-exempt municipal obligors.

DATE: Effective October 10, 1980.

FOR FURTHER INFORMATION CONTACT:

Lachlan W. Seward, Department of Energy (Office of Resource Applications), Room 7112, Mail Stop 3344, 12th & Pennsylvania Avenue NW., Washington, D.C. 20461.

Lawrence R. Oliver, Department of Energy (Office of General Counsel), Room 5E–074, Forrestal, 1000 Independence Avenue SW., Washington, D.C. 20585, (202) 252–1202.

SUPPLEMENTARY INFORMATION: .

A. Background

On October 1, 1977, the Department of Energy (DOE) assumed the responsibility of the Energy Research and Development Administration (ERDA) for the Geothermal Loan Guaranty Program pursuant to Section 301 of the Department of Energy Organization Act (Pub. L. 95–91). The Geothermal Loan Guaranty Program was implemented by ERDA (10 CFR Part 790) on May 26, 1976, in accordance with authority contained in Title II of the Geothermal Energy Research Development, and Demonstration Act of 1974 (Pub. L. 93–410).

On February 25, 1978, the Department of Energy Act of 1978—Civilian Applications was enacted (Pub. L. 95–238). Title V of Pub. L. 95–238 contains amendments to Pub. L. 93–410. One amendment contained in Section 509 of Pub. L. 95–238 authorizes the payment of interest differential assistance to States, political subdivisions and Indian Tribes which would otherwise issue tax-exempt obligations. Section 790.4(e) of 10 CFR Part 790 published as a final rule on December 18, 1979, implements this statutory amendment and requires that a loan not be guaranteed if the income from that loan is not included in the Holder's income for the purposes of Chapter 1 of the Internal Revenue Code of 1954, as amended. However, Section 790.4(e) was not finalized pending a public revenue ruling on the matter by the Internal Revenue Service (IRS). As of June 16, 1980, such ruling (80–161) has now been received.

DOE has received and approved a guaranty application involving a loan to a municipal borrower for $45,000,000 and the payment of interest differential assistance. Such approval is subject to finalizing Section 790.4(e) prior to the execution of the guaranty and related documents. Therefore, in order to permit the guaranty closing to proceed, this final rule is being issued.

B. Discussion

When DOE published 10 CFR Part 790 on December 18, 1979, Section 790.4(e) was not adopted as a final rule pending the outcome of a request for public ruling from DOE to the IRS dated August 6, 1979. The issue to be resolved by the IRS became: does the interest from obligations issued by an otherwise tax-exempt obligor become taxable by virtue of the award of a geothermal loan guaranty on those obligations?

On June 16, 1980, the IRS issued a ruling to the effect that the interest received by holders in such transactions is not excludable from the gross income of the holder under Section 103(a)(1) of the Internal Revenue Code of 1954, as amended, if the issuer receives the benefit of the guaranty. Therefore, Section 790.4(e) can now be published as a final rule in order that DOE may implement this ruling and act on those geothermal loan guaranty applications involving otherwise tax-exempt issuers.

DOE is presently preparing other revisions to 10 CFR Part 790 to implement certain amendments to Pub. L. 93–410 that are contained in Title VI of Pub. L. 96–294. DOE's amendments to 10 CFR Part 790 will be published in the **Federal Register** no later than December 31, 1980.

In consideration of the foregoing, 10 CFR Part 790 is amended as set forth below.

Issued in Washington, D.C., October 6, 1980.

Ruth M. Davis,

Assistant Secretary, Resource Applications.

1. Section 790.4 paragraph (e) is hereby amended by deleting this paragraph and substituting the following:

§ 790.4 Loan guaranty criteria.

* * * * *

(e) A guaranty issued by, or in behalf

of, any state, political subdivision or Indian Tribe (which would be an otherwise tax-exempt obligor), pursuant to this regulation requires that the interest paid on such guaranteed obligations be included in the gross income of the Holder for the purposes of Chapter 1 of the Internal Revenue Code of 1954, as amended, in accordance with Internal Revenue Service Revenue Ruling 80–161 of June 16, 1980. For such transactions, the Secretary shall pay to the issuer of the debt or other appropriate party that portion of the interest which is found to be appropriate after consultation with the Secretary of the Treasury, regarding current market yield on other obligations which have similar terms and conditions. Payment under this subsection shall be made to the issuer or the appropriate party in accordance with the guaranty agreement.

[FR Doc. 80-31760 Filed 10-9-80; 8:45 am]

BILLING CODE 6450-01-M

FEDERAL RESERVE SYSTEM

12 CFR Part 211

[Docket No. R-0259; Regulation K]

International Banking Operations; Interstate Banking Restrictions for Foreign Banks

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final interpretation.

SUMMARY: The Board of Governors of the Federal Reserve System has issued a final interpretation of the term "agency" as defined in Subpart B, § 211.22(a)(1) of its amendments to the Board's Regulation k (12 CFR Part 211). The Board has adopted this interpretation in order to deal with the status of those California Offices that were designated as branches, but that prior to the passage of the International Banking Act of 1978, could not accept domestic deposits

FOR FURTHER INFORMATION CONTACT: C. Keefe Hurley, Jr., Senior Counsel (202/452–3269), or James S. Keller, Senior Attorney (202/452–3582), Legal Division, Board of Governors of the Federal Reserve System.

SUPPLEMENTARY INFORMATION: Section 5(a) of the International Banking Act of 1978 (12 U.S.C. 3101 *et seq* .) ("IBA") provides that, with the exception of grandfathered offices, no foreign bank may directly or indirectly establish and operate either a Federal or a State branch outside its "home State" unless the foreign bank enters into an agreement or undertaking with the Board to accept only such deposits at the out-of-home-State branch as would be permissible for an Edge Corporation. Under the Edge Act (12 U.S.C. 611 *et seq.*), Edge Corporations may only receive deposits in the U.S. as may be "incidental to or for the purpose of carrying out transactions in foreign countries or dependencies or insular possessions of the United States."

In addition to the requirement of an agreement to restrict deposit-taking, a *Federal* branch or agency may be established or operated outside a foreign bank's home State only if the operation of such an office is expressly permitted by the receiving State; a *State* branch, agency, or commercial lending company may be established outside a foreign bank's home State only if it is approved by the bank regulatory authority of the receiving State. A foreign bank is also prohibited from acquiring directly or indirectly an interest in a bank located outside of the foreign bank's home State if the acquisition would be prohibited under section 3(d) of the Bank Holding Company Act ("BHCA") if the foreign bank were a bank holding company whose State of principal banking operations was the foreign bank's home State.

Section 5(b) of the IBA grandfathers, for purposes of the interstate banking restrictions, any branch, agency, subsidiary bank, or commercial lending company subsidiary that commenced operation or for which an application to commence business had been filed on or before July 27, 1978. Section 5(c) provides that the home State of a foreign bank that has any combination of branches, agencies, subsidiary lending companies, or subsidiary banks, in more than one State, is whichever State is chosen by the foreign bank (or by the Board in the event the foreign bank does not make a choice).

California offices. Section 1(b) of the IBA defines "agency" as an office that maintains credit balances but at which "deposits may not be accepted from citizens or residents of the United States," while it defines "branch" as any office "at which deposits are received." Offices of foreign banks in California have generally been prohibited from accepting deposits by a requirement of State law that such offices obtain Federal deposit insurance; an office of a foreign bank could not obtain such insurance before the passage of the IBA. California law, however, permits offices of foreign banks, with the approval of the Banking Department, to accept deposits from any person that resides, is domiciled, and maintains its principal place of business in a foreign country. Therefore, according to a literal reading of the IBA, a California office of a foreign bank that accepts deposits from certain foreign sources (e.g., a U.S. citizen residing abroad) is a branch rather than an agency.

If the Board were to determine that such an office, established or applied for prior to July 27, 1978, was a branch rather than an agency, then that office would be grandfathered as a branch. Accordingly, a foreign bank that has a branch outside California and an office in California that accepts foreign source deposits could elect a State other than California as its home State, obtain deposit insurance for the California office, and convert that office to a full domestic deposit-taking facility. If, however, the Board were to determine that such an office was an "agency," then it would be grandfathered as an agency and could not expand its deposit-taking capabilities (unless the foreign bank selected California as its home State).

The Board proposed that, for purposes of section 5 of the IBA, the Board will regard offices of foreign banks that accept foreign source deposits, but not domestic deposits, as agencies rather than branches. The Board has adopted this proposal. The Board has determined that both the legislative history and the purposes of section 5 of the IBA support such an interpretation. Furthermore, funds that may be received by these California offices are the type that Edge Corporations and, therefore, branches established and operated outside of a foreign bank's home State may receive. Treating these offices as agencies appears to be consistent with their method of operation and with the purposes of section 5 of the IBA.

Under the Board's interpretation, a foreign bank may continue to accept these foreign source deposits at its California office without selecting California as its home State and upgrading such an office to a branch.

Pursuant to its authority under the International Banking Act of 1978 (12 U.S.C. 3101 *et seq.*), the Board has issued the following interpretation of the term "agency" as defined in Subpart B, § 211.22(a)(1) of its Regulation K:

§ 211.601 Status of certain offices for purposes of the International Banking Act restrictions on interstate banking operations.

The Board has considered the question of whether a foreign bank's California office that may accept deposits from certain foreign sources

(e.g., a United States citizen residing abroad) is a branch or an agency for the purposes of the grandfather provisions of section 5 of the International Banking Act of 1978 (12 U.S.C. 3103(b)). The question has arisen as a result of the definitions in the International Banking Act of "branch" and "agency," and the limited deposit-taking capabilities of certain California offices of foreign banks.

The International Banking Act defines "agency" as "any office * * * at which deposits may not be accepted from citizens or residents of the United States," and defines "branch" as "any office * * * of a foreign bank * * * at which deposits are received" (12 U.S.C. 3101(1) and (3)). Offices of foreign banks in California prior to the International Banking Act were generally prohibited from accepting deposits by the requirement of State law that such offices obtain Federal deposit insurance (Cal. Fin. Code 1756); until the passage of the International Banking Act an office of a foreign bank could not obtain such insurance. California law, however, permits offices of foreign banks, with the approval of the Banking Department, to accept deposits from any person that resides, is domiciled, and maintains its principal place of business in a foreign country (Cal. Fin. Code 1756.2). Thus, under a literal reading of the definitions of "branch" and "agency" contained in the International Banking Act, a foreign bank's California office that accepts deposits from certain foreign sources (e.g., a U.S. citizen residing abroad), is a branch rather than an agency.

Section 5 of the International Banking Act establishes certain limitations on the expansion of the domestic deposit-taking capabilities of a foreign bank outside its home State. It also grandfathers offices established or applied for prior to July 27, 1978, and permits a foreign bank to select its home State from among the States in which it operated branches and agencies on the grandfather date. If a foreign bank's office that was established or applied for prior to June 27, 1978, is a "branch" as defined in the International Banking Act, then it is grandfathered as a branch. Accordingly, a foreign bank could designate a State other than California as its home State and subsequently convert its California office to a full domestic deposit-taking facility by obtaining Federal deposit insurance. If, however, the office is determined to be an "agency," then it is grandfathered as such and the foreign bank may may not expand its deposit-taking capabilities in California without declaring California its home State.

In the Board's view, it would be inconsistent with the purposes and the legislative history of the International Banking Act to enable a foreign bank to expand its domestic interstate deposit-taking capabilities by grandfathering these California offices as branches because of their ability to receive certain foreign source deposits. The Board also notes that such deposits are of the same general type that may be received by an Edge Corporation and, hence in accordance with section 5(a) of the International Banking Act, by branches established and operated outside a foreign bank's home State. It would be inconsistent with the structure of the interstate banking provisions of the International Banking Act to grandfather as full deposit-taking offices those facilities whose activities have been determined by Congress to be appropriate for a foreign bank's out-of-home State branches.

Accordingly, the Board, in administering the interstate banking provisions of the IBA, regards as agencies those offices of foreign banks that do not accept domestic deposits but that may accept deposits from any person that resides, is domiciled, and maintains its principal place of business in a foreign country.

By order of the Board of Governors, October 2, 1980.

Theodore E. Allison,

Secretary of the Board.

[FR Doc. 80-31796 Filed 10-9-80; 8:45 am]

BILLING CODE 6201-01-M

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 327

Assessments Paid by Insured Banks for Deposit Insurance

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Final rule.

SUMMARY: As part of its regulatory reform program for improving the quality of its regulations, FDIC has revised Part 327 of its regulations. Part 327 pertains to the assessments that are paid by insured banks to FDIC for deposit insurance. The revision is intended to simplify the regulation by restructuring it for easier reading and by eliminating unnecessary and outdated provisions. In addition, minor technical amendments have been made to the part to conform it to the requirements of the International Banking Act of 1978.

EFFECTIVE DATE: November 10, 1980.

FOR FURTHER INFORMATION CONTACT: Jerry L. Langley, Senior Attorney, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, D.C. 20429, (202) 389-4237.

SUPPLEMENTARY INFORMATION: On March 3, 1980, FDIC published for public comment a proposed revision of Part 327. The comment period ended on May 2, 1980. No comments were received on the proposal. In the revision to Part 327, the following changes have been made:

1. A new "Purpose and scope" section has been added at the beginning of the regulation. It specifically states that the part applies to insured branches of foreign banks.

2. The provisions explaining the methods for reporting assessment base additions for unposted credits and deductions for unposted debits have been simplified to eliminate outdated and redundant provisions. Also, the definitions for the terms "unposted credit" and "unposted debit" have been expanded for clarification purposes.

3. The "Classification of deposits" section has been substantially reduced by using references to definitions in other sections of FDIC's regulations rather than restating the full definition in Part 327.

4. An explanation has been added to the "Time of payment" section to indicate what constitutes the timely payment of the assessment that is required to be paid to FDIC.

The changes will have no adverse impact on insured banks. In particular, they will not affect the competitive status or the recordkeeping and reporting requirements of insured banks. Therefore, no cost/benefit analysis was prepared. Further, it was concluded that the purposes of the regulation could not be accomplished through the use of a flexible regulatory approach that would distinguish between banks on the basis of size.

Accordingly, the FDIC Board of Directors does hereby revise Part 327 of Title 12 of the Code of Federal Regulations as set forth below.

PART 327—ASSESSMENTS

Sec.

Authority: Secs. 7-9, Pub. L. 797, 64 Stat. 876-882 as amended by secs. 2, 3, Pub. L. 86-671, 74 Stat. 547-551 and sec. 304, Pub. L. 95-630, 92 Stat. 3676 (12 U.S.C. 1817-1819).